

Message Text

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ACTION EA-09

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 5682

INFO AMEMBASSY SINGAPORE

AMCONSUL MEDAN

AMCONSUL SURABAYA

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EO 11652: NA

TAGS: ECON ETRD ID

SUBJECZ: GARUDA GOLD SMUGGLING CASE

REF: JAKARTA 2970

1. BEGIN UNCLASSIFIED: JAKARTA PRESS DURING PAST WEEK FILLED ALMOST DAILY WITH REPORTS AND COMMENT ON ALLEGED GOLD SMUGGLING RING INVOLVING GARUDA INDONESIAN AIRWAYS PILOTS.

2. THREE PILOTS AND A LOCAL CHINESE MERCHANT WERE ARRESTED ON 17 JULY SHORTLY AFTER THE DISCOVERY OF 48 KILOGRAMS OF GOLD BARS HIDDEN IN TWO SUITCASES CARRIED BY ONE OF THE PILOTS AFTER HE DEPLANED AT JAKARTA'S KEMAYORAN AIRPORT. THE GOLD BARS REPORTEDLY WERE PICKED UP IN SINGAPORE AND FLOWN TO JAKARTA VIA MEDAN ABOARD A GARDUA DC-9 AIRCRAFT. THE CHINESE BUSINESSMAN IS BEING IDENTIFIED AS THE QUOTE GOLD OWNER UNQUOTE.

3. IN THE SUBSEQUENT INVESTIGATION,, 27 GARUDA PILOTS HAVE BEEN DETAINED FOR QUESTIONING REGARDING A POSSIBLE

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SMUGGLING RING, ACCORDING TO MINISTER OF COMMUNICATIONS

EMIL SALIM. THE MINISTER ALSO NOTED THAT GARUDA HAS SUFFICIENT PILOTS TO FLY ITS FLEET DURING THE TEMPORARY SUSPENSION OF THE 27 UNDER INVESTIGATION, BUT HE WOULD EVEN EMPLOY FOREIGN PILOTS IF NECESSARY. PRESIDENT SUHARTO HAS CALLED FOR QUICK AND EFFECTIVE JUSTICE.

4. EDITORIAL COMMENT ON THE ALLEGED SMUGGLING CASE HAS BEEN EFFUSIVE BUT NOT EXTREME. THE PRESS HAS NOTED, FOR EXAMPLE, THAT THE 27 PILOTS ARE INNOCENT UNTIL PROVEN GUILTY, AND THAT THEIR INVOLVEMENT SHOULD NOT BE READ AS AN INDICTMENT OF GARUDA OR ITS PILOTS IN GENERAL. THE PRESS APPLAUDS ANNOUNCEMENT OF A GARUDA-LED INTERNAL INVESTIGATION, BUT LIKENS IT TO QUOTE ONE HAND CLAPPING UNQUOTE UNLESS OTHER GOVERNMENT OFFICES--POLICE, PUBLIC PROSECUTORS, AND CUSTOMS--VOGOROUSLY PURSUE THE CASE AS WELL.

5. ONE EDITORIAL (MERDEKA) NOTED THAT HIS CASE WOULD SEEM TO PUT THE LIE TO POPULAR THEORIES OF GOVERNMENT CORRUPTION. WHICH BLAME IT ON THE NEED TO COMPENSATE FOR LOW SALARIES. THE ACCUSED DC-9 PILOTS, THE EDITORIAL SAYS, HAVE RELATIVELY HIGH INCOMES FOR INDONESIA. THEY EARN THE RUPIAH EQUIVALENT OF OVER \$725 A MONTH BASIC SALARY IN ADDITION TO FREE HOUSING, FLIGHT MONEY, PER DIEM, AND A GENEROUS RETIREMENT ALLOWANCE. END UNCLASSIFIED

6 BEGIN LIMITED OFFICIAL USE: COMMENT: THIS CASE IS A HIGHLY VISIBLE EPISODE IN THE GOI'S ANTI-SMUGGLING CAMPAIGN THAT BEGAN LAST FEBRUARY. WHILE THE GOI IS MAKING POPULAR POINTS WITH THE PUBLICITY GIVEN TO THE DISCOVERY OF THE SMUGGLED GOLD AND THE SUBSEQUENT INVESTIGATION IT REMAINS TO BE SEEN WHETHER THE INVESTIGATION WILL BE THOROUGH, THE ACCUSED BROUGHT TO TRIAL, AND APPROPRIATE PUNISHMENT NETED OUT. GOI DESERVES CREDIT FOR THE VIGOR WITH WHICH IT IS KEEPING THE CAMPAIGN IN THE PUBLIC EYE, WHICH IS IN ITSELF A DETERRENT FACTOR. CASES SUCH AS THIS, HOWEVER, WHICH INVOLVE CLEARCUT, LARGE-SCALE VIOLATIONS OF LAW, CAN TEND TO OVERSHADOW THE ENDEMIC DAILY SYSTEMIC CORRUPTION
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THAT IS HARDER TO CURE BUT WHICH IS PROBABLY FAR GREATER IN VALUE AND IN ITS ADVERSE EFFECT ON THE DAILY LIVES OF OFFICIALS, BUSINESSMEN, AND CONSUMERS.

NEWSOM

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